



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

**PHILCONTRUST RESOURCES,
INC. (Formerly known as INTER-
ASIA LAND DEVELOPMENT CO.),**
Petitioner,

G.R. No. 214714

- versus -

**ATTY. REYNALDO AQUINO, in his
capacity as the Register of Deeds of
Tagaytay City, and MR. DANILO
ORBASE, in his capacity as the
Provincial Agrarian Reform
Officer of Trece Martires, Cavite,
JESUS D. EBDANI,
ISAGANI B. SAÑARES,
FELICISIMO MAYUGA,
MICHAEL C. NGOTOB,
REYNALDO J. RELATORRES,
MAURICIO S. ZAÑARES,
JONATHAN M. HOLGADO,
CASIANO S. PAYAD,
EFREN L. CABRERA,
SEGUNDO P. BALDONANZA,
CORAZON M. DIGO,
BERNARDO M. MENDOZA,
TAGUMPAY C. REYES,
ADRIEL M. SANTIAGO,
MELITONA C. PANGALANAN,
EFREN T. PASCUA,
MANUEL M. DE CASTRO,
LUISITO D. MOZO,
OLIMPIA E. ERCE,
RODRIGO M. DIGO,
SOFRONIO M. DIGO,
EDGARDO F. PAYAD,
TOMAS M. LUNA,
MIGUEL B. BITUIN,**

Present:

LEONEN, J.,
Chairperson,
GESMUNDO,
CARANDANG,
ZALAMEDA, *and*
GAERLAN, JJ.

**CARLOS R. SANTIAGO, SR.,
 PEDRO S. DELFINADO,
 FAUSTINO I. ALIMBUYONG,
 ERENETO D. MAGSAEL,
 BERNARDINO R. ANARNA,
 GREGORIO H. PAYAD,
 HONORIO M. BORBON,
 RICARDO A. DE GUZMAN,
 CLAUDIA L. VALDUEZA,
 CENON D. MOZO,
 MOISES I. DE GUZMAN,
 DOMINGO C. LUNA,
 TOMAS M. LUNA and all other
 persons claiming rights under
 them (The Beneficiaries of
 Certificate of Land Ownership
 Award Nos. 251 to 298),
 Respondents.**

Promulgated:

October 7, 2020

MI-DCB-H

X-----X

DECISION

GAERLAN, J.:

The effective implementation of the comprehensive agrarian reform program hinges on the stakeholders' dutiful compliance with the Constitution, and the agrarian reform laws and regulations. The agrarian laws and regulations provide the proper procedure for compulsory land acquisition, from the beginning (identification of the land, notice to acquire, and payment of just compensation) to the end (appeals or petitions for cancellation by the aggrieved party). Conformity with the rules likewise entails recognizing the respective jurisdiction of the DARAB and the DAR Secretary to resolve petitions for cancellation of CLOAs.

This resolves the Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court filed by petitioner Philcontrast Resources, Inc. (formerly known as Inter-Asia Land Development Co.) praying for the reversal of the March 17, 2014 Decision² and October 8, 2014 Resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 117752. The CA affirmed the March 25, 2010 Decision⁴ of the Department of Agrarian Reform Adjudication Board

¹ *Rollo*, pp. 73-101.

² *Id.* at 14-24; penned by Associate Justice Agnes Reyes-Carpio, with Associate Justices Noel G. Tijam and Priscilla J. Baltazar-Padilla (now a Member of this Court), concurring.

³ *Id.* at 26-28.

⁴ *Id.* at 477-488; penned by DARAB Vice Chairman Edgar A. Igano, with Chairman Nasser C. Pangandaman and Members Ambrosio B. De Luna, Jim G. Coletto, Ma. Patricia Rualo-Bello, and

(DARAB) dismissing the Petition for Cancellation of Certificates of Land Ownership Award (CLOA) filed by petitioner.

Antecedents

Petitioner is the owner of several parcels of land located at Barangay Iruhin West, Tagaytay City, covered by Transfer Certificates of Title Nos. T-25374, T-25375, T-25379, T-25380, and T-25381 (subject lands), registered in the name of Inter-Asia Land Development Co.

Petitioner received a letter dated April 21, 2003 from the Provincial Agrarian Reform Office (PARO) of Cavite, stating that the subject lands are covered by the Comprehensive Agrarian Reform Program (CARP).⁵ Accordingly, CLOA Nos. 251 to 298 were issued in favor of the farmer-beneficiaries, including herein private respondents.⁶

Thereafter, the PARO sent to the Register of Deeds of Trece Martires City a Notice dated December 11, 2003, informing it of the issuance of CLOAs in favor of respondents. Consequently, the Register of Deeds cancelled petitioner's certificates of title and, in lieu thereof, issued TCT Nos. T-50012 to T-50016 in the name of the Republic of the Philippines.⁷

Aggrieved, petitioner filed a Petition for Cancellation of CLOAs⁸ before the Office of the Provincial Agrarian Reform Adjudicator of Trece Martires City. Petitioner claimed that the CLOAs were irregularly issued. It asserted that the subject lands are residential and non-agricultural in nature, and thus, beyond the coverage of the CARP.⁹ Likewise, it presented certifications from the Regional Agrarian Reform Adjudicator (Regional Adjudicator), Housing and Land Use Regulatory Board (HLURB), Tagaytay City Planning Development Office, National Irrigation Administration (NIA), and Department of Agriculture, all stating that said properties are residential in nature.

On the other hand, respondents countered that the determination of exemption from the coverage of the CARP is within the exclusive jurisdiction of the Department of Agrarian Reform (DAR) Secretary. They pointed out that unless the DAR Secretary issues a certificate of exemption, the properties shall remain agricultural and, hence, subject to CARP coverage. In view of

Arnold C. Arrieta, concurring.

⁵ Id. at 423.

⁶ Id. at 422.

⁷ Id.

⁸ Id. at 416-420.

⁹ Id. at 423.

the absence of a certificate of exemption, the CLOAs were validly and regularly issued in accordance with R.A. No. 6657.¹⁰

Ruling of the Regional Adjudicator

On May 8, 2006, the Regional Adjudicator for Region IV Conchita C. Miñas (Regional Adjudicator Miñas) rendered a Decision¹¹ dismissing the petition for cancellation. Regional Adjudicator Miñas held that the petition may not be given due course in the absence of an exemption clearance issued by the DAR Secretary declaring that the subject lands are indeed exempt from CARP coverage. She clarified that the petitioner's evidence which consisted of a Certification issued by her office, as well as the Certifications granted by the Municipal Agrarian Reform Officer, HLURB and the NIA stating that the subject lands are not agricultural, are not sufficient bases for the cancellation of the CLOAs. However, they may be appreciated as grounds for an application for exemption under Administrative Order No. 4, Series of 2003. Accordingly, she dismissed the petition as follows:

WHEREFORE, premises considered, judgment is hereby rendered
DISMISSING the instant case.

SO ORDERED.¹²

Dissatisfied with the ruling, petitioner filed a Motion for Reconsideration, which was denied by the Regional Adjudicator's December 5, 2006 Resolution.¹³

Aggrieved, petitioner filed an appeal with the DARAB reiterating that the subject lands are non-agricultural in nature. Petitioner likewise lamented that it was not notified in the proceedings and it did not receive any just compensation for its properties.

Ruling of the DARAB

On March 25, 2010, the DARAB¹⁴ affirmed the ruling of the Regional Adjudicator. It opined that to warrant the cancellation of the subject CLOAs, there must first be a finding by the DAR Secretary that the landholding is

¹⁰ Id. at 423-424.

¹¹ Id. at 422-427; rendered by Regional Adjudicator Conchita C. Miñas.

¹² Id. at 426.

¹³ Id. at 442-444.

¹⁴ Id. at 477-488.

exempt from CARP coverage, which is wanting in the instant case.¹⁵

Likewise, the DARAB declared that it is bereft of power to act on the matters raised by the petitioner. It cited Rule II, Section 3 of its 2003 Rules of Procedure and stated that the DAR Secretary has the exclusive jurisdiction to act on all matters involving the administrative implementation of the CARL of 1988 and other agrarian laws, as well as to resolve issues pertaining to the classification and identification of landholdings for CARP coverage, initial issuance of CLOAs, including protests or oppositions thereto, landowner's right of retention, and applications for exemption from coverage under Section 10 of R.A. No. 6657 and Department of Justice Opinion No. 44.

Finally, the DARAB ratiocinated that pursuant to the doctrine of prior resort or primary administrative jurisdiction, the petition for cancellation should be filed with the DAR Secretary.¹⁶

The dispositive portion of the DARAB ruling states:

WHEREFORE, premises considered, the instant Appeal is DENIED for lack of merit and the instant petition is hereby DISMISSED for lack of jurisdiction without prejudice to the filing of appropriate action with the Office of the Secretary or his authorized representative.

SO ORDERED.¹⁷

Petitioner filed a Motion for Reconsideration, which was denied in the DARAB Resolution dated December 13, 2010.

Thereafter, petitioner filed a Petition for Review under Rule 43 of the Rules of Court with the CA.

Ruling of the CA

On March 17, 2014, the CA rendered the assailed Decision¹⁸ affirming the DARAB's ruling. It held that the DARAB has no jurisdiction to rule on the petition for cancellation of CLOAs, considering that there was no tenancy relationship between the petitioner and the respondents. It noted the petitioner's claim that the properties are residential in nature. Likewise, it observed that the petitioner failed to allege that it shared harvests with the

¹⁵ Id. at 486.

¹⁶ Id. at 485.

¹⁷ Id. at 487.

¹⁸ Id. at 14-24.

respondents. Moreover, the CA stressed that issues pertaining to the classification of landholdings for purposes of CARP coverage, as well as the identification of CLOA beneficiaries, are strictly within the jurisdiction of the DAR Secretary. Accordingly, it dismissed the petition for cancellation, without prejudice to its re-filing, in accordance with DAR Administrative Order No. 6, Series of 2000.

The decretal portion of the CA ruling states:

WHEREFORE, in view of the foregoing, the Petition for Review is DENIED. The Decision, dated March 25, 2010, and Resolution, dated December 13, 2010, rendered by the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 14959-14959A45, are AFFIRMED.

SO ORDERED.¹⁹ (Citations omitted)

Petitioner filed a Motion for Reconsideration, which was denied in the CA's October 8, 2014 Resolution.²⁰

Undeterred, petitioner filed the instant Petition for Review on *Certiorari*²¹ under Rule 45 of the Rules of Court.

Issue

The pivotal issue raised in the instant case is whether or not the CA erred in dismissing the petition for cancellation of CLOAs on the ground of the DARAB's lack of jurisdiction.

Petitioner maintains that the DARAB has jurisdiction over the petition for cancellation of CLOAs. It posits that under Section 50 of the CARP law, the power to adjudicate and implement agrarian reform matters was granted to the DAR as an entity, and not solely to the DAR Secretary or the DARAB.²² Consequently, when it filed its petition for cancellation with the PARAD, it was invoking the DAR's jurisdiction as a whole. The DAR's rules which split the powers between the Secretary and the DARAB is an invalid amendment of the CARL. This division is bereft of any legal basis.²³ It is merely artificial and is warranted only for administrative reasons.²⁴

¹⁹ Id. at 23.

²⁰ Id. at 26-28.

²¹ Id. at 73-101.

²² Id. at 89.

²³ Id. at 90.

²⁴ Id.

Q

Petitioner alternatively argues that assuming that the DAR's powers under Section 50 could be validly apportioned between the DAR Secretary and the DARAB; Rule II, Sections 1.6 and 3.4. of the 2003 DARAB Rules, unambiguously grants the DARAB the power to rule on the subject petition for cancellation.²⁵

Moreover, petitioner avers that the CA erred in limiting the DARAB's jurisdiction to cancel CLOAs only in cases where the parties are in tenurial relationships.²⁶ It points out that Rule II, Section 1.6 of the 2003 DARAB Rules states that the Adjudicator shall have primary and exclusive jurisdiction to resolve cases involving cancellation of CLOAs which are registered with the Land Registration Authority (LRA).²⁷ Hence, the DARAB has the power to cancel the assailed CLOAs since they have already been referred to the LRA.²⁸

Furthermore, petitioner laments that the requirement for the administrative property valuation under the Comprehensive Agrarian Reform Law (CARL) was violated. It did not receive any notice of the proceedings for the acquisition of its properties. Neither was it compensated for said properties. Petitioner surmises that the DARAB has jurisdiction to resolve such matters.²⁹ Should the DARAB find that there was a failure to comply with the proceedings under the CARL, then it can easily nullify the TCT-CLOAs for being void *ab initio*.³⁰

On the other hand, respondents, through the Bureau of Agrarian Reform Legal Assistance Office, counter that Section 50 of R.A. No. 6657 defines the jurisdiction of the DAR to determine and adjudicate agrarian reform matters. The DAR's jurisdiction is two-fold. It exercises an executive function in the enforcement and administration of laws, and a judicial power in the determination of rights and obligations of parties.³¹ One power belongs to the Secretary, while the other to the DARAB. There is no invalid division of jurisdiction.³²

Respondents state that the DARAB aptly dismissed the petition for cancellation for lack of jurisdiction. The petitioners alleged in their petition for cancellation that the properties covered by the CLOAs are no longer agricultural in nature and have been classified by the City of Tagaytay as residential. It even presented certifications from different government

²⁵ Id. at 89.

²⁶ Id. at 83.

²⁷ Id. at 84.

²⁸ Id. at 91.

²⁹ Id. at 84-85.

³⁰ Id. at 85.

³¹ Id. at 549.

³² Id. at 549.

agencies attesting to the non-agricultural nature of the property. Respondents claim that clearly, the allegations and the reliefs sought by the petitioners fall within the jurisdiction of the DAR in the exercise of its executive powers. They are covered by DAR Administrative Order No. 06-2000, the prevailing rule at the time of the filing of the petition for cancellation.³³ In the same vein, the respondents argument regarding the administrative valuation is an attack on the acquisition proceedings which falls squarely within the jurisdiction of the DAR Secretary.³⁴

Respondents further posit that the exemption from CARP coverage is not automatic. Rather, there must be a declaration from the DAR Secretary that the properties are indeed excluded from CARP coverage.³⁵

Ruling of the Court

The petition is denied.

The Delineation of Powers Between the DAR Secretary and the DARAB

Essentially, the jurisdiction of a tribunal over the nature and subject matter of a petition or complaint is determined by the material allegations contained therein and the character of the relief sought, regardless of whether the petitioner or complainant is entitled to said relief. Jurisdiction is conferred by the Constitution and the law, and not conveniently obtained through the consent or waiver of the parties.³⁶

Significantly, Section 50 of R.A. No. 6657³⁷ or the CARL of 1988 grants the DAR exclusive and original jurisdiction over all matters involving the implementation of agrarian reform, save for those falling under the exclusive jurisdiction of the Department of Agriculture and the Department of Environment and Natural Resources.

³³ Id. at 550.

³⁴ Id. at 550.

³⁵ Id. at 551.

³⁶ *Heirs of Julian Dela Cruz v. Heirs of Alberto Cruz*, 512 Phil. 389, 400-401 (2005).

³⁷ SECTION 50. *Quasi-Judicial Powers of the DAR.* – The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR).

Prior to the passage of the CARL, Section 17 of EO No. 229, Series of 1987 states that “SECTION 17. Quasi-Judicial Powers of the DAR. The DAR is hereby vested with quasi-judicial powers to determine and adjudicate agrarian reform matters, and shall have exclusive original jurisdiction over all matters involving implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).”

Notably, the fundamental duties of the DAR are broadly categorized into administrative functions or the enforcement, administration, and execution of agrarian reform laws; and quasi-judicial functions or the determination of the parties' rights and obligations in agrarian reform matters.³⁸

A year prior to the enactment of the CARL, Executive Order (E.O.) No. 129-A³⁹ was passed with the objective of strengthening and expanding the functions of the DAR to effectively implement the CARP under E.O. No. 129.⁴⁰ In line with this, the power to adjudicate agrarian reform cases was assigned to the DARAB, while jurisdiction over the implementation of agrarian reform was delegated to the DAR regional offices.⁴¹

One of the important matters involved in agrarian reform is the issuance of CLOAs in favor of farmer-beneficiaries. A CLOA is a "document evidencing ownership of the land granted or awarded to the beneficiary by DAR, and contains the restrictions and conditions provided for in R.A. No. 6657 and other applicable laws."⁴²

Remarkably, the respective jurisdictions of the DARAB and the DAR Secretary to resolve petitions for cancellation of CLOAs are highlighted in the 2003 DARAB Rules of Procedure:

RULE II

Jurisdiction of the Board and its Adjudicators

SECTION 1. *Primary and Exclusive Original Jurisdiction.* — The Adjudicator shall have primary and exclusive original jurisdiction to determine and adjudicate the following cases:

X X X X

1.6 Those involving the correction, partition, cancellation, secondary and subsequent issuances of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with

³⁸ *Polo Plantation Agrarian Reform Multipurpose Cooperative (POPARMUCO) v. Inson*, G.R. No. 189162, January 30, 2019, citing *Sta. Rosa Realty Development Corporation v. Amante*, 493 Phil. 570 (2005).

³⁹ EXECUTIVE ORDER NO. 129-A, July 29, 1987.

⁴⁰ EXECUTIVE ORDER NO. 129. Providing Mechanisms for the Implementation of the Comprehensive Agrarian Reform Program.

⁴¹ *Union Bank of the Philippines v. Hon. Regional Agrarian Reform Officer, et al.*, 806 Phil. 548, 559-561 (2017), citing Executive Order No. 129-A, Sec. 13, and Executive Order No. 129-A, Sec. 24. *Fil-Estate Properties, Inc., et al. v. Paulino Reyes, et al.*, G.R. Nos. 152797-189315, September 18, 2019; *Recarido Gelito v. Heirs of Ciriano Tirol*, G.R. No. 196367, February 5, 2020.

⁴² *Lebrudo, et al. v. Loyola*, 660 Phil. 456, 462 (2011); *Department of Agrarian Reform, Quezon City and Pablo Mendoza v. Romeo Carriedo*, G.R. No. 176549, October 10, 2018.

the Land Registration Authority;

x x x⁴³

Meanwhile, under Rule II, Section 3 of the same Rules, the DARAB and the Adjudicator are divested of jurisdiction over matters involving the administrative implementation of the CARL and other agrarian laws. Said powers are granted unto the DAR Secretary.⁴⁴

SECTION 3. Agrarian Law Implementation Cases. — The Adjudicator or the Board shall have no jurisdiction over matters involving the administrative implementation of RA No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) of 1988 and other agrarian laws as enunciated by pertinent rules and administrative orders, which shall be under the exclusive prerogative of and cognizable by the Office of the Secretary of the DAR in accordance with his issuances, to wit:

3.1 Classification and identification of landholdings for coverage under the agrarian reform program and the initial issuance of CLOAs and EPs, including protests or oppositions thereto and petitions for lifting of such coverage;

x x x x

3.4 Recall, or cancellation of provisional lease rentals, Certificates of Land Transfers (CLTs) and CARP Beneficiary Certificates (CBCs) in cases outside the purview of Presidential Decree (PD) No. 816, including the issuance, recall, or cancellation of EPs or CLOAs not yet registered with the Register of Deeds;

3.5 Exercise of the right of retention by the landowner;

3.6 Application for exemption from coverage under Section 10 of RA 6657;

3.7 Application for exemption pursuant to Department of Justice (DOJ) Opinion No. 44 (1990);

x x x x

3.16 Such other agrarian cases, disputes, matters or concerns referred to it by the Secretary of the DAR.⁴⁵

Relatedly, the power of the DAR Secretary to resolve petitions for cancellation of CLOAs is likewise enshrined in Section 2 of DAR Administrative Order No. 06-00:

⁴³ 2003 DARAB RULES OF PROCEDURE, Rule II, Section 1.

⁴⁴ *Polo Plantation Agrarian Reform Multipurpose Cooperative (POPARMUCO) v. Inson*, supra note 38.

⁴⁵ 2003 DARAB RULES OF PROCEDURE, Rule II, Section 3.

SEC. 2. *Cases Covered.* — These Rules shall govern cases falling within the exclusive jurisdiction of the DAR Secretary which shall include the following:

x x x x

(d) Issuance, recall or cancellation of Certificates of Land Transfer (CLTs) and CARP Beneficiary Certificates (CBCs) in cases outside the purview of Presidential Decree (PD) No. 816, including the issuance, recall or cancellation of Emancipation Patents (EPs) or Certificates of Land Ownership Awards (CLOAs) not yet registered with the Register of Deeds;

x x x x

Admittedly, Sections 1.6 and 3.4, Rule II of the 2003 DARAB Rules and Section 2(d) of DAR Administrative Order No. 06-00, empower both the DARAB and the DAR Secretary to resolve petitions for cancellation of CLOAs. In fact, petitioner latches on to Section 1.6 and argues that the DARAB has jurisdiction to resolve its petition for cancellation considering that the assailed CLOAs have already been registered with the LRA.

Petitioner is mistaken.

Remarkably, in *Polo Plantation Agrarian Reform Multipurpose Cooperative (POPARMUCO) v. Inson*,⁴⁶ this Court citing *Sutton v. Lim*,⁴⁷ *Heirs of Julian Dela Cruz v. Heirs of Alberto Cruz*,⁴⁸ and *Bagongahasa v. Spouses Caguin*,⁴⁹ shed light on the apparent overlap of powers and clarified that the DARAB's jurisdiction over petitions for cancellation of registered CLOAs is confined to agrarian disputes:

While the DARAB may entertain petitions for cancellation of CLOAs, as in this case, its jurisdiction is, however, confined only to agrarian disputes. As explained in the case of *Heirs of Dela Cruz v. Heirs of Cruz* and reiterated in the recent case of *Bagongahasa v. Spouses Cesar Caguin*, **for the DARAB to acquire jurisdiction, the controversy must relate to an agrarian dispute between the landowners and tenants in whose favor CLOAs have been issued by the DAR Secretary, to wit:**

‘The Court agrees with the petitioners’ contention that, under Section 2(f), Rule II of the DARAB Rules of Procedure, the DARAB has jurisdiction over cases involving the issuance, correction and cancellation of CLOAs which were registered with the LRA. However, for the DARAB to

⁴⁶ Supra note 38.

⁴⁷ 700 Phil. 67 (2012).

⁴⁸ Supra note 36.

⁴⁹ 661 Phil. 686 (2011).

have jurisdiction in such cases, they must relate to an agrarian dispute between landowner and tenants to whom CLOAs have been issued by the DAR Secretary. **The cases involving the issuance, correction and cancellation of the CLOAs by the DAR in the administrative implementation of agrarian reform laws, rules and regulations to parties who are not agricultural tenants or lessees are within the jurisdiction of the DAR and not the DARAB.**⁵⁰

Thus, it is not sufficient that the controversy involves the cancellation of a CLOA already registered with the Land Registration Authority. What is of primordial consideration is the existence of an agrarian dispute between the parties.⁵⁰ (Emphasis in the original and citations omitted)

This demarcation of powers was further affirmed in a long line of cases.

In *Heirs of Santiago Nisperos, et al. v. Nisperos-Ducusin*,⁵¹ it was emphasized that “it is not enough that the controversy involves the cancellation of a CLOA registered with the LRA for the DARAB to have jurisdiction. What is of primordial consideration is the existence of an agrarian dispute between the parties.”⁵²

The same ratiocination was rendered in *Automat Realty and Development Corp., et al. v. Spouses Dela Cruz*,⁵³ where it was reiterated that, “[a]bsent an ‘agrarian dispute,’ the instant case cannot fall under the limited jurisdiction of the DARAB as a quasi-judicial body.”⁵⁴

In the same vein, in *Union Bank of the Philippines v. Hon. Regional Agrarian Reform Officer, et al.*,⁵⁵ it was ordained that in the absence of a *prima facie* showing that there is a tenurial arrangement or tenancy relationship between the parties, the PARAD and the DARAB are bereft of jurisdiction over the petition for cancellation. This holds true even if the CLOAs have been registered with the LRA.⁵⁶

Noteworthy, in *Union Bank*,⁵⁷ this Court further explained that the cancellation of CLOAs issued to beneficiaries who are not agricultural tenants, is a matter that involves the administrative implementation of agrarian reform

⁵⁰ *Polo Plantation Agrarian Reform Multipurpose Cooperative (POPARMUCO) v. Inson*, supra note 38.

⁵¹ 715 Phil. 691 (2013).

⁵² Id. at 701.

⁵³ 744 Phil. 731 (2014).

⁵⁴ Id. at 756.

⁵⁵ Supra note 41.

⁵⁶ Id. at 561.

⁵⁷ Id.

laws and regulations. As such, said matter falls within the jurisdiction of the DAR Secretary:

As previously discussed, the jurisdiction conferred to the DARAB is limited to agrarian disputes, which is subject to the precondition that there exist tenancy relations between the parties. This delineation applies in connection with cancellation of the CLOAs. In *Valcurza v. Tamparong, Jr.*, we stated:

‘Thus, the DARAB has jurisdiction over cases involving the cancellation of registered CLOAs relating to an agrarian dispute between landowners and tenants. However, **in cases concerning the cancellation of CLOAs that involve parties who are not agricultural tenants or lessees - cases related to the administrative implementation of agrarian reform laws, rules and regulations – the jurisdiction is with the DAR, and not the DARAB.**’

x x x x

Thus, in the absence of a tenancy relationship between Union Bank and private respondents, the PARAD/DARAB has no jurisdiction over the petitions for cancellation of the CLOAs. Union Bank’s postulate that there can be no shared jurisdiction is partially correct; however, the jurisdiction in this case properly pertains to the DAR, to the exclusion of the DARAB.⁵⁸ (Emphasis in the original and citations omitted)

Additionally, in *Lakeview Golf and Country Club, Inc. v. Luzvimin Samahang Nayan, et al.*,⁵⁹ this Court directly tacked the apparent confusion between the powers of the DARAB and the DAR Secretary to cancel CLOAs. At first glance it appears that the power to resolve petitions for cancellation of CLOAs that have been filed with the Register of Deeds lies with the DARAB. However, this Court forthwith clarified that if the material averments in the petition negate the existence of an agrarian dispute, then jurisdiction belongs to the DAR Secretary since matters relating to CARP coverage are within its exclusive prerogative:

From the foregoing, it is clear that prior to registration with the Register of Deeds, cases involving the issuance, recall or cancellation of CLOAs are within the jurisdiction of the DAR and that, corollarily, cases involving the issuance, correction or cancellation of CLOAs which have been registered with the Register of Deeds are within the jurisdiction of the DARAB.

⁵⁸ Id. at 562-563.

⁵⁹ 603 Phil. 358 (2009), citing *Padunan v. DARAB*, 444 Phil. 213 (2003); See *Dao-ayan v. Dept. of Agrarian Reform Adjudication Board (DARAB)*, 558 Phil. 379 (2007); *Heirs of Adoifo v. Cabral*, 556 Phil. 765 (2007); *Sta. Rosa Realty Development Corporation v. Amante*, 493 Phil. 570 (2005); See *Nicanor T. Santos Dev’t. Corp. v. Sec., Dept. of Agrarian Reform*, 518 Phil. 706 (2006).

At first glance, in the present case, it would appear that jurisdiction lies with the DARAB. The petition before the PARAD sought the cancellation of private respondents' collective CLOA which had already been registered by the Register of Deeds of Cavite. However, the material averments of the petition invoking exemption from CARP coverage constrain us to have second look.

Noteworthy, the afore-cited Section 2 of DAR Administrative Order No. 06-00 also provides that the DAR Secretary has exclusive jurisdiction to classify and identify landholdings for coverage under the CARP, including protests or oppositions thereto and petitions for lifting of coverage. The matter of CARP coverage is strictly an administrative implementation of the CARP whose competence belongs to the DAR Secretary.⁶⁰ (Emphasis supplied)

The Arguments Raised in Support of the Cancellation of the CLOAs are Exclusively Cognizable by the DAR Secretary

To reiterate, the demarcation between the power of the DARAB and the DAR Secretary to cancel CLOAs does not solely depend on the fact of registration, but more so, on the existence of a tenancy relation between the parties. Hence, for the case to fall within the DARAB's jurisdiction, the petitioner must prove the following indispensable elements of tenancy:

- (i) that the parties are the landowner and the tenant or agricultural lessee;
- (ii) that the subject matter of the relationship is an agricultural land;
- (iii) that there is consent between the parties to the relationship;
- (iv) that the purpose of the relationship is to bring about agricultural production;
- (v) that there is personal cultivation on the part of the tenant or agricultural lessee; and
- (vi) that the harvest is shared between the landowner and the tenant or agricultural lessee.⁶¹

A perusal of the petition for cancellation⁶² reveals the following averments: (i) petitioner is the owner of the subject **residential** lands; (ii)

⁶⁰ Id.

⁶¹ *Morta, Sr. v. Occidental*, 367 Phil. 438, 446 (1999), cited in *Heirs of Julian Dela Cruz v. Heirs of Aiberto Cruz*, supra note 36 at 403.

⁶² *Rollo*, pp. 416-420.

private respondents who were the beneficiaries of CLOA Nos. 251 to 298 are occupying the subject properties owned by the petitioner; (iii) the HLURB, City Planning and Development Office of Tagaytay City, NIA, DAR and Regional Adjudicator certified that the subject lands are non-agricultural; (iv) the Department of Agriculture certified that the subject lands have ceased to be economically viable for agricultural purposes; and (v) petitioner's lands are exempted/excluded from CARP coverage.

It is immediately apparent that the petition for cancellation hinges on the main averment that the subject properties are residential in nature, and consequently, exempt from CARP coverage. It is likewise glaring from the same petition that not once did the petitioner remotely hint at the existence of a tenurial relationship between it and the respondents.

In addition, petitioner argued in its appeal before the DARAB, petition for review with the CA, and petition for review on *certiorari* before this Court that (i) the parcels of land included in the CLOAs were not validly acquired pursuant to Section 16 of the CARL; (ii) it was not paid just compensation; and (iii) its right of retention under the CARL was violated. Plainly, said arguments pertain to the implementation of the CARL. At best, they constitute grounds for the cancellation of the CLOAs under Section IV. B.9 of DAR Memorandum Order No. 2, Series of 1994, *i.e.*, that "the land is found to be exempt/excluded from P.D. [Presidential Decree] No. 27/E.O. No. 228 or CARP Coverage or to be part of the landowner's retained area as determined by the Secretary or his duly authorized representative."⁶³

Likewise, the evidence presented by petitioner, which consisted of Certifications from various government entities stating that its lands are residential, serve as proof of exemption from CARP coverage pursuant to DAR Administrative Order No. 4, Series of 2003,⁶⁴ also falling within the determination of the DAR Secretary.

Moreover, it is very clear from Rule II, Section 3 of the 2003 DARAB Rules that the DARAB has no jurisdiction over matters involving the classification and identification of landholdings for coverage under the CARP; exercise of the right of retention by the landowner; and applications for exemption from coverage.⁶⁵ Accordingly, the matters raised by the petitioner must first be resolved by the DAR Secretary pursuant to the doctrine of prior resort.

⁶³ DAR MEMORANDUM ORDER NO. 2, Series of 1994, IV.B.9.

⁶⁴ 2003 Rules on Exemption of Lands from CARP Coverage under Section 3(c) of Republic Act No. 6657 and Department of Justice Opinion No. 44, Series of 1990.

⁶⁵ *Rollo*, p. 485.

Interestingly, in *Valcurza, et al. v. Atty. Tamparong, Jr.*,⁶⁶ this Court underscored that the cancellation of a CLOA based on allegations that the properties are exempt from CARP coverage and attended with fraudulent acts of the DAR officials, must be resolved by the DAR Secretary:

Thus, the DARAB has jurisdiction over cases involving the cancellation of registered CLOAs relating to an agrarian dispute between landowners and tenants. However, in cases concerning the cancellation of CLOAs that involve parties who are not agricultural tenants or lessees – cases related to the administrative implementation of agrarian reform laws, rules and regulations - the jurisdiction is with the DAR, and not the DARAB.

Here, petitioner is correct in alleging that it is the DAR and not the DARAB that has jurisdiction. First, the issue of whether the CLOA issued to petitioners over respondent's land should be cancelled hinges on that of whether the subject landholding is exempt from CARP coverage by virtue of two zoning ordinances. **This question involves the DAR's determination of whether the subject land is indeed exempt from CARP coverage – a matter involving the administrative implementation of the CARP Law. Second, respondent's complaint does not allege that the prayer for the cancellation of the CLOA was in connection with an agrarian dispute. The complaint is centered on the fraudulent acts of the MARO, PARO, and the regional director that led to the issuance of the CLOA.**⁶⁷ (Emphasis supplied and citations omitted)

A similar conclusion was reached in *Sutton*.⁶⁸ Therein petitioner alleged that her property was exempt from CARP coverage. This Court held that the petition for cancellation must be filed with the DAR Secretary considering that the controversy is not agrarian in nature and involves the administrative implementation of the agrarian reform program.⁶⁹

Concededly, the cases cited were based on the 1994 DARAB Rules of Procedure. In fact, this was one of the petitioner's attacks against the CA ruling. Petitioner questioned the CA's reliance on cases that were resolved in accordance with the 1994 DARAB Rules.

It bears noting, however, that the jurisdiction of the DARAB and the DAR Secretary over petitions for cancellation of CLOAs under the 1994 DARAB Rules and the 2003 Rules has remained unchanged.

For clarity, the 1994 Rules states:

⁶⁶ 717 Phil. 324 (2013).

⁶⁷ Id. at 333-334.

⁶⁸ Supra note 47.

⁶⁹ Id. at 77.

RULE II
Jurisdiction Of The Adjudication Board

SECTION 1. *Primary And Exclusive Original and Appellate Jurisdiction.* The Board shall have primary and exclusive jurisdiction, both original and appellate, to determine and adjudicate all agrarian disputes involving the implementation of the Comprehensive Agrarian Reform Program (CARP) under Republic Act No. 6657, Executive Order Nos. 228, 229, and 129-A, Republic Act No. 3844 as amended by Republic Act No. 6389, Presidential Decree No. 27 and other agrarian laws and their implementing rules and regulations. Specifically, such jurisdiction shall include but not be limited to cases involving the following:

x x x x

f) Those involving the issuance, correction and cancellation of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;

x x x x

Matters involving strictly the administrative implementation of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) of 1988 and other agrarian laws as enunciated by pertinent rules shall be the exclusive prerogative of and cognizable by the Secretary of the DAR.

Mirroring its predecessor, the 2003 DARAB Rules still grants the DARAB jurisdiction to adjudicate cases “involving the correction, partition, cancellation, secondary and subsequent issuances of [CLOAs] and Emancipation Patents (EPs) which are registered with the [LRA].” The only difference between the 1994 Rules and the 2003 Rules is first, the deletion of the word “issuance” in the 2003 version, and second, the removal of the caveat in Section 1, Rule II of the 1994 Rules that states that matters involving the administrative implementation of the CARL and other agrarian laws shall be the exclusive prerogative of the DAR Secretary.

Suffice it to say, the caveat in Section 1, Rule II of the 1994 Rules was not actually deleted but was incorporated in a different section. In fact, under the 2003 Rules, an entire Section (Section 3) was created, which clearly and comprehensively enumerated matters that fall outside of the DARAB’s jurisdiction.

Plainly, a juxtaposition of the 1994 and 2003 DARAB Rules conspicuously shows that notwithstanding the transposition of the provisions, the respective powers of the DAR Secretary and the DARAB have fundamentally remained the same. Accordingly, the tenets in the cases cited still hold true.

It is likewise interesting to note that the division of powers between the DAR Secretary and the DARAB has been solidified in the law.

Under the new law, Republic Act No. 9700, which took effect on July 1, 2009, all cases involving the cancellation of certificates of land ownership award and other titles issued under any agrarian reform program are within the exclusive and original jurisdiction of the Department of Agrarian Reform Secretary. Section 9 provides:

Section 9. Section 24 of Republic Act No. 6657, as amended, is further amended to read as follows:

x x x x

All cases involving the cancellation of registered emancipation patents, certificates of land ownership award, and other titles issued under any agrarian reform program are within the exclusive and original jurisdiction of the Secretary of the DAR.⁷⁰ (Emphasis supplied)

This reinforces the fact that from the 1994 DARAB Rules until present, matters pertaining to the implementation of agrarian reform laws, such as the cancellation of CLOAs of beneficiaries who are not agricultural tenants, has always belonged to the DAR Secretary.

The Allegations of Lack of Notice of Coverage and Non-Payment of Just Compensation Must Be Resolved by the Proper Body

This Court expresses its concern over the petitioner's allegations that it was not given a notice of the proceedings and was not paid just compensation. These are serious accusations that must be resolved with dispatch by the DAR Secretary.

Section 16 of RA No. 6657 provides the proper procedure for compulsory land acquisition. Briefly, they are as follows: (i) after identifying the land, landowners and beneficiaries, the DAR shall send a notice to acquire the land and post said notice in a conspicuous place; (ii) the landowner shall accept or reject the offer within thirty (30) days from receipt of the notice; (iii) if the landowner accepts the offer, he/she shall be paid within thirty (30) days after he/she executes a deed of transfer in favor of the Government and surrenders his/her title; (iv) should the landowner reject the offer, or fail to reply, the DAR shall conduct summary administrative proceedings to determine the compensation for the land; (v) the DAR shall take immediate

⁷⁰ Id.; *Polo Plantation Agrarian Reform Multipurpose Cooperative (POFARMUCO) v. Inson*, supra note 38.

possession of the land and request the Register of Deeds to issue a Transfer Certificate of Title in the name of the Republic of the Philippines upon (a) its payment to the owner, or (b) upon depositing the payment with any bank in case the owner has rejected the offer or has failed to respond to the offer; (vi) any party who disagrees with the decision may file a case before a court of proper jurisdiction for a final determination of just compensation.

Compliance with the procedure set forth in Section 16 is imperative, lest there be a blatant violation of the Constitutional mandate that "private property shall not be taken for public use without just compensation."⁷¹

Notably, in *Bagonghasa, et al. v. Romualdez*,⁷² this Court held that that the issues pertaining to lack of notice and non-payment of just compensation involve the implementation of agrarian laws and are within the special competence of the DAR Secretary:

While it is true that the PARAD and the DARAB lack jurisdiction in this case due to the absence of any tenancy relations between the parties, lingering essential issues are yet to be resolved as to the alleged lack of notice of coverage to respondents as landowners and their deprivation of just compensation. Let it be stressed that while these issues were discussed by the PARAD in his decision, the latter was precisely bereft of any jurisdiction to rule particularly in the absence of any notice of coverage for being an ALI case. Let it also be stressed that these issues were not met head-on by petitioners. At this juncture, the issues should not be left hanging at the expense and to the prejudice of respondents.

However, this Court refuses to rule on the validity of the CARP coverage of the subject properties and the issuance of the assailed CLOAs. The doctrine of primary jurisdiction precludes the courts from resolving a controversy over which jurisdiction was initially lodged with an administrative body of special competence. The doctrine of primary jurisdiction does not allow a court to arrogate unto itself authority to resolve a controversy, the jurisdiction over which is initially lodged with an administrative body of special competence. The Office of the DAR Secretary is in a better position to resolve the particular issue of non-issuance of a notice of coverage – an ALI case – being primarily the agency possessing the necessary expertise on the matter. The power to determine such issue lies with the DAR, not with this Court.⁷³ (Citations omitted)

Without a doubt, the spirit and intent behind the CARL are laudable. However, the objective of equitably distributing lands should not be achieved by trampling upon the property rights of landowners. The government must always endeavor to achieve "a more equitable distribution and ownership of land, with due regard to the rights of landowners to just compensation."⁷⁴ As

⁷¹ 1987 CONSTITUTION, Article III, Section 9.

⁷² *Supra* note 49.

⁷³ *Id.* at 696-697.

⁷⁴ REPUBLIC ACT NO. 6657.

eloquently articulated by this Court in *Bagongahasa*⁷⁵ and *Heirs of Nicolas Jugalbot v. Court of Appeals*.⁷⁶

It must be borne in mind that this Court is not merely a Court of law but of equity as well. Justice dictates that the DAR Secretary must determine with deliberate dispatch whether indeed no notice of coverage was furnished to respondents and payment of just compensation was unduly withheld from them despite the fact that the assailed CLOAs were already registered, on the premise that respondents were unaware of the CARP coverage of their properties; hence, their right to protest the same under the law was defeated. Respondents' right to due process must be equally respected. Apropos is our ruling in *Heir of Nicolas Jugalbot v. Court of Appeals*:

'[I]t may not be amiss to stress that laws which have for their object the preservation and maintenance of social justice are not only meant to favor the poor and underprivileged. They apply with equal force to those who, notwithstanding their more comfortable position in life, are equally deserving of protection from the courts. Social justice is not a license to trample on the rights of the rich in the guise of defending the poor, where no act of injustice or abuse is being committed against them.

As the court of last resort, our bounden duty to protect the less privileged should not be carried out to such an extent as to deny justice to landowners whenever truth and justice happen to be on their side. For in the eyes of the Constitution and the statutes, EQUAL JUSTICE UNDER THE LAW remains the bedrock principle by which our Republic abides.'⁷⁷

All told, strict compliance with the Constitution, agrarian laws and regulations is imperative to ensure the protection of the farmers' and landowners' rights. Accordingly, in deference to the jurisdiction of the DAR Secretary to resolve matters involving the implementation of the agrarian reform laws, the petition for cancellation of CLOAs must be dismissed for having been erroneously filed with the DARAB. However, the dismissal is without prejudice to petitioner's right to re-file its petition with the DAR Secretary.

WHEREFORE, premises considered, the petition is **DENIED** for **lack of merit**. Accordingly, the March 17, 2014 Decision and the October 8, 2014 Resolution of the Court of Appeals in CA-G.R. SP No. 117752 are **AFFIRMED**.


⁷⁵ *Bagongahasa, et al. v. Romualdez*, supra.

⁷⁶ 547 Phil. 113 (2007).


⁷⁷ *Bagongahasa, et al. v. Romualdez*, supra note 49 at 697-698.


2

SO ORDERED.



SAMUEL H. GAERLAN
Associate Justice

WE CONCUR:


MARVIC M.V.F. LEONEN
Associate Justice
Chairperson



ALEXANDER G. GESMUNDO
Associate Justice


ROSMARI D. CARANDANG
Associate Justice


RODIL V. ZALAMEDA
Associate Justice

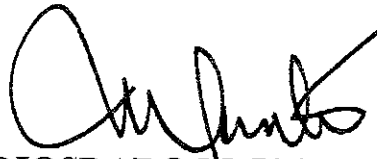
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARVIC M.V.F. LEONEN
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice